



City of Scottville

**REPORT ON FINANCIAL STATEMENTS**  
(with required supplementary information)

Year ended June 30, 2004

53-2020

# Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input checked="" type="checkbox"/> City <input type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>City of Scottville</b>	County <b>Mason</b>
Audit Date <b>6/30/04</b>	Opinion Date <b>9/7/04</b>	Date Accountant Report Submitted to State: <b>10/6/04</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ Yes ☒ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			✓
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name)

**Brickley DeLong, PLC**

Street Address

**500 Terrace Plaza**

City

**Muskegon**

State

**MI**

ZIP

**49440**

Accountant Signature

Date

*Timothy D. DeLong, C.P.A. for Brickley DeLong, PLC*

**June 30, 2004**

## Donna Baker Petersen

**Police Chief** ..... Larry Nichols

City of Scottville

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**Using this Annual Report**

This annual report consists of a series of the financial statements for the City of Scottville as of June 30, 2004. The Statement of Net Assets and the Statement of Activities provide information about the activities of the City as a whole and present a long-term view of the City's finances. Fund financial statements tell how these services were financed in the short-term, as well as what remains for future spending. Fund financial statements also report the City operations in more detail than the government-wide financial statements.

A comparative analysis of the government-wide net assets, revenues and expenditures will be provided in future years.

**The City as a Whole**

**OVERVIEW OF THE FINANCIAL STATEMENTS**

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City of Scottville's basic financial statements are comprised of three components: 1) governmental-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide Financial Statements**

The governmental-wide financial statements are designed to provide the reader with a broad overview of the City's finances. These statements are similar to those of a private sector business.

The Statement of Net Assets presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The Statement of Activities presents information showing how the City's net assets changed during the fiscal year. All changes in net assets are reported when the event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods.

Both of the government-wide financial statements mentioned above distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are designed to recover all or a significant part of their costs through user fees and charges for services (business type activities). The governmental activities of the City include general government, public safety, public works, community and economic development and cultural and recreational activities. The business-type activities of the City include water and sewer services.

**Fund financial statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories-governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. This information may be useful in evaluating a governmental entity's short-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's short-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the two.

The City maintains twelve individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and Major Street Fund, both of which are considered to be major funds. Data from the other funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

**Proprietary funds.** The City has two different types of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution and sewer operations. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service fund to charge the costs of equipment used to the individual funds. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary funds financial statements provide separate information for Water and Sewer funds, both of which are major funds. The internal service fund is presented in its own column in the proprietary funds financial statements.

**Fiduciary funds.** Fiduciary Funds are used to account for resources held for the benefit of parties outside the City. Fiduciary funds are not reflected on the government-wide financial statements because the resources from those funds are not available to support the City's programs. The accounting method used for fiduciary funds is much like that used for the proprietary funds.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The reader is encouraged to include the reading of this section in any attempt to analyze and understand these statements.

**Other Information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's budgetary information as it relates to the actual expenditures for the General Fund and Major Streets Fund.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information on budgetary information.

#### Government-wide financial analysis

Recall that the Statement of Net Assets provides the perspective of the City as a whole. The following table provides a summary of the City's net assets as of June 30, 2004. Since this is the first year the City has prepared financial statements following GASB Statement No. 34, comparisons to fiscal 2003 are not available.

#### City of Scottville's Net Assets

	Governmental Activities	Business-type Activities	Total
Current and other assets	\$ 1,346,820	\$ 569,433	\$ 1,916,253
Capital assets	<u>735,179</u>	<u>7,128,515</u>	<u>7,863,694</u>
Total assets	2,081,999	7,697,948	9,779,947
Long-term liabilities			
outstanding	301,171	2,824,921	3,126,092
Other liabilities	<u>123,515</u>	<u>308,296</u>	<u>431,811</u>
Total liabilities	<u>424,686</u>	<u>3,133,217</u>	<u>3,557,903</u>
Net assets:			
Invested in capital assets, net			
of related debt	397,069	4,161,294	4,558,363
Restricted	86,966	93,271	180,237
Unrestricted	<u>1,173,278</u>	<u>310,166</u>	<u>1,483,444</u>
Total net assets	\$ <u>1,657,313</u>	\$ <u>4,564,731</u>	\$ <u>6,222,044</u>

The City's combined total assets increased approximately 64% from a year ago, increasing from \$5,973,311 to \$9,779,947. The primary reason for the increase is the capitalization of sewage disposal construction project.

As far as liabilities, the City had a net decrease of approximately 1.7% from last year, decreasing from \$3,499,590 to \$3,557,903. This was due in part to the paying down of long-term debt.

The City also realized a 143% increase in net assets, increasing from \$2,558,562 to \$6,222,044 from fiscal year 2003 to fiscal 2004. The increase was due to an increased in tax revenues and a reduction of costs by the City, but primarily it was due to a \$3,358,000 capital contribution for the sewage disposal construction project.

The City's net assets reflect no deficits.

The results of this year's operations for the City as a whole are reported in the Statement of Activities, which shows the changes in net assets for fiscal year 2004. Since this is the first year the City has prepared financial statements following GASB Statements No. 34, revenue and expense comparison to fiscal year 2003 is not available.

**City of Scottville's Changes in Net Assets**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
Revenues:			
Program revenues:			
Charges for services	\$ 187,327	\$ 450,087	\$ 637,414
Operating grants and contributions	126,942	-	126,942
Capital grants and contributions	-	3,357,626	3,357,626
General revenues:			
Property taxes	379,406	-	379,406
Grants and contributions not restricted to specific programs:	167,204	-	167,204
Other	<u>30,270</u>	<u>5,440</u>	<u>35,710</u>
Total revenues	891,149	3,813,153	4,704,302



# City of Scottville

## Management's Discussion and Analysis

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Expenses:			
General government	\$ 245,283	\$ -	\$ 245,283
Public safety	173,808	-	173,808
Public works	326,495	-	326,495
Economic development	2,172	-	2,172
Culture and recreation	110,885	-	110,885
Interest on long-term debt	3,066	-	3,066
Sewer	-	116,055	116,055
Water	-	174,056	174,056
Total expenses	<u>750,709</u>	<u>290,111</u>	<u>1,040,820</u>
Increase in net assets	140,440	310,711	451,151
Net assets - July 1, 2003	<u>1,516,873</u>	<u>1,041,689</u>	<u>2,558,562</u>
Net assets - June 30, 2004	<u>\$ 1,657,313</u>	<u>\$ 1,352,400</u>	<u>\$ 3,009,713</u>

During the year, the City experienced a significant loss of State Revenue Sharing dollars, however, the City's property tax base increased while expenditures were kept to a minimum. The budget was monitored very closely and amendments were made to keep expenses in line with revenues throughout the year. The City was able to review and make changes to the Health Insurance Policies which saved the City some significant dollars.

### Business Type Activities

The City's business type activities consist of the Water and Sewer Fund. We provide water for the citizens of Scottville as well as along US 10 to Stiles Road in Amber Township. The water is purchased from the City of Ludington and sold to the residents. Sewage treatment is provided only to residents of the City. Until May of this year the City of Scottville used its own Sewage Treatment Lagoons, but upon completion of the regional sewer project our sewage is now sent to the Ludington Waste Water Treatment Plant via the US 10 corridors. As part of the sewer project the City replaced all old water meters which will help decrease our water loss which has declined each year the meter replacement program was in place. Also by completing the multi-million dollar sewer project the City is once again able to grow.

### **Financial analysis of the Government's Funds**

As stated earlier in this discussion and analysis, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances in spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At fiscal year ending June 30, 2004, the City's governmental funds reported a combined unreserved fund balance of \$969,187, of which \$646,926 is in the General Fund. There were no unreserved fund deficits in any of the City's governmental funds. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed to 1) pay debt service and advances (\$7,748), 2) pay capital purchases and liquidate inventories and prepaids (\$39,921), 3) pay maintenance of rights of way (\$5,235), 4) pay improvements for River Park (\$45,782) and 5) reserves for perpetual care (\$81,732).

The General Fund's net assets increased by \$25,603. As noted earlier, there was a decline in the State's revenue sharing. The City reduced its General Fund expenditures accordingly. The most significant contribution to the General Fund's increase in net assets was due to the River Park activity. The General Fund transferred some funds to the Local Street Fund because that fund's expenditures exceeded revenues for the fiscal year.

During the fiscal year, the City made very minor amendments to its original budgets of the General Fund and the Major Street Fund.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the governmental financial statement, but in more detail. Net assets of the Sewer Fund increased by \$3,511,129, a result of a capital contribution for the sewer project of approximately \$3,280,000. Net assets of the Water Fund increased by \$6,174. The small increase is due to operations working at barely breakeven and interest costs on debt. Since the Water Fund must make annual debt principal payments of \$25,000, the increase in the unrestricted net assets was not sufficient to cover the debt principal payment.

### **Significant Capital Asset Activity**

The City's most significant capital asset expenditure this year was the investment in the regional sewer project. Scottville's portion of the cost approximated \$5.9 million and is financed as noted in the previous paragraph.

### **Debt Administration**

During the year the City retired various debt amounts in the Sewer Fund, Local and Major Street Funds and the Motor Pool Fund. The sewer fund paid off a loan from the Cemetery Perpetual Care Fund. The Local Street Fund and Major Street Fund retired a debt related to street work and the Motor Pool paid off the loan on the purchase of a dump truck. The City incurred new debt last year financed by Mason County for the ineligible costs associated with the sewer project as well as the Regional Sewer Project. As part of the Regional Sewer Project Mason County on behalf of the City received a low interest loan of 4.5% on the borrowed money as well as a grant. This grant alone allowed the City to complete the much needed project.

**Economic Factors & Next Years Budget and Rates**

The City's 2004/2005 budget calls for a decrease in the City Operating Millage from 17.6436 to 17.5095 due to a Headlee Rollback. Even with the decrease in millage the City will have an increase in total tax collections as the City's taxable value has increased significantly. The taxable value increase was due in part to uncapping of housing values for homes sold, as well as the addition of the 13 + acres the City now has jurisdiction over from the 425 Agreement with Custer Township. Another factor for the 2005/2006 budget will be the addition of the Diversified Natural Products Company starting up. The start-up is scheduled for later this year and we are anticipating an increase in water usage as well as a significantly increased tax base.

The City will also need to closely review and likely revise the water rates for the next budget year. As with the last few years the water fund is continually dipping into it's net assets. Expenses continue to rise and the revenues have either remained stagnant or have slightly decreased. A public hearing will be held at the point the City Commission is ready to talk about the needed increase.

**Contacting the City's Management**

This financial report is intended to provide our citizens, taxpayers, and customers with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, we welcome you to contact the City office at 231-757-4729. We are also open Monday – Friday from 8:00 am to 5:00 pm. Our office is located at City Hall, 105 North Main Street, Scottville, MI 49454.

# BRICKLEY DeLONG

CERTIFIED PUBLIC ACCOUNTANTS

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## INDEPENDENT AUDITORS' REPORT

September 7, 2004

City Council  
City of Scottville  
Scottville, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Scottville as of and for the year ended June 30, 2004, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Scottville's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Scottville as of June 30, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note A, the City has implemented a new financial reporting model, as required by the provisions of GASB Statement No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*, as of June 30, 2004.

The managements' discussion and analysis and budgetary comparison information on pages i through vii and 33 and 34, are not a required part of the basic financial statement but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

BRICKLEY DeLONG

City Council  
September 7, 2004  
Page 2

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Scottville's basic financial statements. The combining nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*Brickley DeLong, PLLC*

City of Scottville  
STATEMENT OF NET ASSETS  
June 30, 2004

ASSETS

	Governmental activities	Business-type activities	Total
<b>CURRENT ASSETS</b>			
Cash and investments	\$ 1,246,270	\$ 419,879	\$ 1,666,149
Receivables	22,631	47,510	70,141
Internal balances	(1,239)	1,239	-
Due from other governmental units	71,630	-	71,630
Inventories	2,786	7,534	10,320
Prepaid items	4,742	-	4,742
Total current assets	1,346,820	476,162	1,822,982
<b>RESTRICTED ASSETS</b>	-	93,271	93,271
<b>NONCURRENT ASSETS</b>			
Capital assets, net	735,179	7,128,515	7,863,694
Total assets	2,081,999	7,697,948	9,779,947

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>			
Accounts payable and accrued expenses	15,908	1,275	17,183
Due to other governmental units	17,294	123,850	141,144
Customer deposits	-	9,930	9,930
Deferred revenue	11,400	-	11,400
Bonds and contracts, due within one year	63,621	142,300	205,921
Accrued interest, due within one year	3,492	30,941	34,433
Compensated absences, due within one year	11,800	-	11,800
Total current liabilities	123,515	308,296	431,811
<b>NONCURRENT LIABILITIES</b>			
Bonds and contracts, less amounts due within one year	274,489	2,824,921	3,099,410
Compensated absences, less amounts due within one year	26,682	-	26,682
Total noncurrent liabilities	301,171	2,824,921	3,126,092
Total liabilities	424,686	3,133,217	3,557,903
<b>NET ASSETS</b>			
Invested in capital assets, net of related debt	397,069	4,161,294	4,558,363
Restricted for:			
Public works	5,235	-	5,235
Debt service	-	93,271	93,271
Perpetual care	81,731	-	81,731
Unrestricted	1,173,278	310,166	1,483,444
Total net assets	\$ 1,657,313	\$ 4,564,731	\$ 6,222,044

The accompanying notes are an integral part of this statement.

City of Scottville  
**STATEMENT OF ACTIVITIES**  
For the year ended June 30, 2004

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets			
	Program Revenue		Primary Government	
	Charges for services	Operating grants and contributions	Capital grants and contributions	Governmental activities
Expenses				Business-type activities
				Total
Primary government				
Governmental activities				
General government	\$ 245,283	\$ -	\$ -	\$ (215,900)
Public safety	173,808	587	-	(173,221)
Public works	215,495	125,550	-	(60,025)
Community and economic development	2,172	-	-	(2,172)
Culture and recreation	110,885	805	-	17,944
Interest on long-term debt	3,066	-	-	(3,066)
Total governmental activities	750,709	126,942	-	(436,440)
Business-type activities				
Sewer	116,055	-	3,357,626	3,511,433
Water	174,036	-	-	6,169
Total business-type activities	290,111	-	3,357,626	3,517,602
Total primary government	\$ 1,040,820	\$ 126,942	\$ 3,357,626	3,517,602
General revenues				
Property taxes				
Grants and contributions not restricted to specific programs				
Unrestricted investment earnings				
Other				
Total general revenues	379,406			379,406
Change in net assets	167,204			167,204
Net assets at July 1, 2003, restated	14,131		5,440	19,571
Net assets at June 30, 2004	16,139		-	16,139
	576,880		5,440	582,320
	140,440		3,523,042	3,663,482
	1,516,873		1,041,689	2,558,562
	\$ 1,657,313	\$ 4,564,731	\$ -	\$ 6,222,044

The accompanying notes are an integral part of this statement.

City of Scottville  
BALANCE SHEET  
Governmental Funds  
June 30, 2004

ASSETS	General Fund	Major Street	Other governmental funds	Total governmental funds
Cash and investments	\$ 678,162	\$ 167,295	\$ 259,684	\$ 1,105,141
Receivables	22,530	-	-	22,530
Due from other funds	-	-	4,250	4,250
Due from other governmental units	53,089	13,829	4,712	71,630
Inventories	-	-	2,786	2,786
Prepaid items	4,742	-	-	4,742
Advances to other funds	-	-	4,500	4,500
Total assets	\$ 758,523	\$ 181,124	\$ 275,932	\$ 1,215,579

LIABILITIES AND FUND BALANCES

Liabilities				
Accounts payable	\$ 10,340	\$ -	\$ 4,570	\$ 14,910
Accrued liabilities	321	-	-	321
Due to other funds	10,250	-	-	10,250
Due to other governmental units	16,962	88	244	17,294
Deferred revenue	11,400	-	-	11,400
Total liabilities	49,273	88	4,814	54,175
Fund balances				
Reserved for:				
Advances	-	-	4,500	4,500
Inventories	-	-	2,786	2,786
Prepaid items	4,742	-	-	4,742
Debt service	-	-	3,248	3,248
Capital projects	-	-	32,393	32,393
Rights of way maintenance	-	-	5,235	5,235
Perpetual care	-	-	81,731	81,731
Unreserved				
Designated for River Park improvements	45,782	-	-	45,782
Undesignated	658,726	181,036	141,225	980,987
Total fund balances	709,250	181,036	271,118	1,161,404
Total liabilities and fund balances	\$ 758,523	\$ 181,124	\$ 275,932	\$ 1,215,579

The accompanying notes are an integral part of this statement.



City of Scottville  
**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
 TO THE STATEMENT OF NET ASSETS**

June 30, 2004

Total fund balance—governmental funds \$ 1,161,404

Amounts reported for governmental activities in the Statement of Net Assets  
 are different because:

Capital assets used in governmental activities are not financial resources and  
 are not reported in the governmental funds.

Cost of capital assets	\$ 924,590
Accumulated depreciation	<u>(363,468)</u>
	561,122

Internal service funds are used by management to charge the costs of equipment used to  
 individual funds. The assets and liabilities of the internal service funds are included in  
 governmental activities in the statement of net assets.

314,871

Long-term liabilities in governmental activities are not due and payable in the current period  
 and are not reported in the governmental funds.

Long-term liabilities	(338,110)
Compensated absences	<u>(38,482)</u>
	(376,592)

Accrued interest in governmental activities is not reported in the governmental funds.

(3,492)

Net assets of governmental activities in the Statement of Net Assets

	<u>\$ 1,657,313</u>
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The accompanying notes are an integral part of this statement.

City of Scottville  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Governmental Funds  
 For the year ended June 30, 2004

	General Fund	Major Street	Other governmental funds	Total governmental funds
<b>REVENUES</b>				
Property taxes	\$ 308,856	\$ -	\$ 70,550	\$ 379,406
Licenses and permits	9,293	-	-	9,293
Intergovernmental revenues - state	167,791	93,353	32,197	293,341
Charges for services	144,679	-	30,295	174,974
Fines and forfeitures	3,060	-	-	3,060
Investment earnings	8,266	1,628	3,072	12,966
Other	16,081	-	-	16,081
Total revenues	658,026	94,981	136,114	889,121
<b>EXPENDITURES</b>				
Current				
General government	234,720	-	6,606	241,326
Public safety	174,819	-	-	174,819
Public works	95,571	38,968	77,097	211,636
Community and economic development	2,172	-	-	2,172
Culture and recreation	103,143	-	-	103,143
Debt service				
Principal	7,164	-	55,766	62,930
Interest and fees	411	-	10,341	10,752
Capital outlay	6,000	-	-	6,000
Total expenditures	624,000	38,968	149,810	812,778
Excess of revenues over (under) expenditures	34,026	56,013	(13,696)	76,343
<b>OTHER FINANCING SOURCES (USES)</b>				
Operating transfers in	-	-	68,165	68,165
Operating transfers out	(8,423)	(24,780)	(34,962)	(68,165)
Total other financing sources (uses)	(8,423)	(24,780)	33,203	-
Net change in fund balances	25,603	31,233	19,507	76,343
Fund balances at July 1, 2003	683,647	149,803	251,611	1,085,061
Fund balances at June 30, 2004	\$ 709,250	\$ 181,036	\$ 271,118	\$ 1,161,404

The accompanying notes are an integral part of this statement.

City of Scottville

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the year ended June 30, 2004

Net change in fund balances—total governmental funds: \$ 76,343

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures in the Statement of Activities; these costs are depreciated over their estimated useful lives.

Depreciation expense

Capital outlay

\$ (20,351)

6,000

(14,351)

Repayment of principal on long-term debt is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Assets.

62,930

Accrued interest on long-term debt is recorded in the Statement of Activities when incurred, but is not reported in the governmental funds until paid.

1,176

Increases in the compensated absences are reported on the accrual method in the Statement of Activities and reported as expenditures when financial resources are used in the governmental funds.

1,244

Internal service funds are used by management to charge the costs of equipment used to individual funds. The net revenue of the internal service funds is reported with governmental activities.

13,098

Change in net assets of governmental activities

\$ 140,440

The accompanying notes are an integral part of this statement.

City of Scottville  
STATEMENT OF NET ASSETS  
Proprietary Funds  
June 30, 2004

ASSETS

	Business-type Activities - Enterprise Funds			Governmental Activities-Internal Service Fund
	Sewer	Water	Total	
<b>CURRENT ASSETS</b>				
Cash and investments	\$ 245,958	\$ 173,921	\$ 419,879	\$ 141,129
Accounts receivable	37,588	9,922	47,510	101
Due from other funds	15,520	-	15,520	6,000
Inventories	-	7,534	7,534	-
Total current assets	299,066	191,377	490,443	147,230
<b>RESTRICTED ASSETS</b>				
<b>NONCURRENT ASSETS</b>				
Capital assets, net	-	93,271	93,271	-
Land and improvements	-	6,457	6,457	-
Systems	6,453,110	1,311,496	7,764,606	17,748
Equipment and furniture	18,397	58,497	76,894	664,996
Less accumulated depreciation	(177,328)	(542,114)	(719,442)	(508,687)
Total noncurrent assets	6,294,179	834,336	7,128,515	174,057
Total assets	6,593,245	1,118,984	7,712,229	321,287

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>				
Accounts payable	1,275	-	1,275	677
Accrued expenses	28,708	2,233	30,941	-
Customer deposits	3,800	6,130	9,930	-
Due to other funds	-	15,520	15,520	-
Due to other governmental units	105,058	18,792	123,850	-
Advances from other funds	4,500	-	4,500	-
Bonds and contracts - current	117,300	25,000	142,300	-
Total current liabilities	260,641	67,675	328,316	677
<b>NONCURRENT LIABILITIES</b>				
Bonds and contracts, less amounts due within one year	2,400,046	424,875	2,824,921	-
Total liabilities	2,660,687	492,550	3,153,237	677
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	3,776,833	384,461	4,161,294	174,057
Restricted for:				
Debt service	-	93,271	93,271	-
Unrestricted	155,725	148,702	304,427	146,553
Total net assets	\$ 3,932,558	\$ 626,434	\$ 4,558,992	\$ 320,610
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds				
Net assets of business-type activities			5,739	
The accompanying notes are an integral part of this statement.			\$ 4,564,731	

City of Scottville  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
Proprietary Funds  
For the year ended June 30, 2004

	Business-type Activities - Enterprise Funds		Governmental Activities- Internal Service Fund
	Sewer	Water	
<b>REVENUES</b>			
Charges for services	\$ 260,498	\$ 179,804	\$ 89,710
Other	9,364	421	863
Total operating revenues	269,862	180,225	90,573
<b>OPERATING EXPENSES</b>			
Administration	13,968	11,206	-
Operations	79,824	113,309	38,276
Depreciation and amortization	13,730	29,025	34,568
Total operating expenses	107,522	153,540	72,844
Operating income	162,340	26,685	17,729
<b>NONOPERATING REVENUES (EXPENSES)</b>			
Special assessments	77,668	-	-
Investment income	2,816	2,624	1,165
Interest expense	(11,653)	(23,135)	(57)
Total nonoperating revenue (expenses)	68,831	(20,511)	1,108
Income before contributions and transfers	231,171	6,174	18,837
Capital contributions	3,279,958	-	-
Change in net assets	3,511,129	6,174	18,837
Total net assets at July 1, 2003	421,429	620,260	301,773
Total net assets at June 30, 2004	\$ 3,932,558	\$ 626,434	\$ 320,610
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds		5,739	
Change in net assets of business-type activities		\$ 3,523,042	

The accompanying notes are an integral part of this statement.

City of Scottville  
**STATEMENT OF CASH FLOWS**  
Proprietary Funds  
For the year ended June 30, 2004

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	
Receipts from interfund services provided	
Payments to suppliers	
Payments to employees	
Internal activity—payments to other funds	
Net cash provided by operating activities	
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from capital debt	
Capital contributions	
Purchases of capital assets	
Principal and interest paid on capital debt	
Net cash used for capital and related financing activities	
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>	
Special assessments	
Investment income	
Net cash provided by investing activities	
Net increase (decrease) in cash and cash equivalents	
Cash and investments at July 1, 2003	
Cash and investments at June 30, 2004	
Reconciliation of operating income to net cash provided by operating activities	
Operating income	
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation expense	
Change in assets and liabilities	
(Increase) decrease in receivables, net	
(Increase) decrease in internal activities	
Increase in inventories	
Decrease in prepaid items	
Increase (decrease) in accounts and other payables	
Increase (decrease) in intergovernmental payables	
Increase (decrease) in accrued expenses	
(Decrease) in customer deposits	
Net cash provided by operating activities	

	Sewer	Enterprise Funds		Internal service funds
		Water	Total	
\$	216,631	\$ 181,366	\$ 397,997	\$ 90,472
	934	1,305	2,239	-
	(48,270)	(94,483)	(142,753)	(25,880)
	(27,072)	(33,059)	(60,131)	(7,922)
	(7,760)	7,760	-	-
	134,463	62,889	197,352	56,670
	1,109,979	-	1,109,979	-
	3,279,958	-	3,279,958	-
	(4,681,081)	-	(4,681,081)	-
	(106,053)	(48,135)	(154,188)	(10,872)
	(397,197)	(48,135)	(445,332)	(10,872)
	77,668	-	77,668	-
	2,816	2,624	5,440	1,165
	80,484	2,624	83,108	1,165
	(182,250)	17,378	(164,872)	46,963
	428,208	249,814	678,022	94,166
	245,958	267,192	513,150	141,129
\$	162,340	\$ 26,685	\$ 189,025	\$ 17,729
	13,730	29,025	42,755	34,568
	(15,917)	2,867	(13,050)	(101)
	(7,760)	7,760	-	-
	-	(1,607)	(1,607)	-
	1,042	1,459	2,501	4,378
	(4,181)	(134)	(4,315)	598
	2,592	(640)	1,952	-
	18,997	(1,361)	17,636	(502)
	(36,380)	(1,165)	(37,545)	-
\$	134,463	\$ 62,889	\$ 197,352	\$ 56,670

The accompanying notes are an integral part of this statement.

City of Scottville  
**STATEMENT OF FIDUCIARY NET ASSETS**  
 Fiduciary Funds  
 June 30, 2004

<b>ASSETS</b>		
Cash and cash equivalents		
	River Park Memorials	Escrow Tax Trust
	\$ 10,430	\$ 497
<b>LIABILITIES</b>		
Due to other governments		
	-	497
Total liabilities	-	497
<b>NET ASSETS</b>		
Held in trust for benefits and other purposes		
	\$ 10,430	\$ -

The accompanying notes are an integral part of this statement.

City of Scottville  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
River Park Memorials  
For the year ended June 30, 2004

<b>ADDITIONS</b>	
Investment gain	92
Contributions	100
	<u>192</u>
<b>DEDUCTIONS</b>	
Administrative expenses	468
Change in net assets	(276)
Net assets at July 1, 2003	10,706
Net assets at June 30, 2004	<u><u>\$ 10,430</u></u>

The accompanying notes are an integral part of this statement.



City of Scottville  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2004

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the City of Scottville (City) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

Effective July 1, 2003, the City adopted GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*, as amended by GASB Statement No. 37 and No. 38. These statements primarily establish standards for external financial reporting for state and local governments. Certain significant changes in these statements include the following:

- A Management Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Government-wide financial statements prepared using full accrual accounting for all of the City's activities.
- A change in the fund financial statements to focus on the major funds.
- Expansion of footnote disclosures.
- These and other changes are reflected in the accompanying financial statements, including notes to financial statements.

The beginning net assets restated for the effects of implementation of GASB Statement No. 34 are as follows:

Fund balances at July 1, 2003—governmental funds	\$ 1,085,061
Internal Service Fund equity	301,773
Capital assets, net	575,473
Accrued liabilities	(4,668)
Long-term liabilities	(401,040)
Compensated absences	<u>(39,726)</u>
Restated net assets at July 1, 2003	<u>\$ 1,516,873</u>

**1. Reporting Entity**

The City of Scottville (City) is a municipal corporation governed by an elected seven member council with an appointed mayor. The accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the government's operations.

***Blended Component Unit***

Downtown Development Authority (DDA). The City appoints all Board members and approves annual budgets for the Authority, and the legal liability for the general obligation portion of the Authority's debt remains with the City. The Authority is reported as a special revenue fund.

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**2. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**3. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**3. Measurement Focus, Basis of Accounting and Financial Statement Presentation—Continued**

The City reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Major Streets fund accounts for the resources of state, gas and weight tax revenues that are restricted for use on major streets.

The City reports the following major proprietary funds:

The Sewer Fund operates the City's sewage pumping station, collection systems and pays for access to the City of Ludington's sewage treatment plant.

The Water Fund operates the City's water distribution system.

Additionally, the City reports the following fund types:

The Internal Service fund accounts for equipment used in other departments of the City on a cost reimbursement basis.

The private purpose simple trust fund is used to account for resources held in trust for the River Park.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Government Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**3. Measurement Focus, Basis of Accounting and Financial Statement Presentation—Continued**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**4. Assets, Liabilities and Net Assets or Equity**

**a. Deposits and Investments**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of six months or less from the date of acquisition.

The City has adopted an investment policy in compliance with State of Michigan statutes. Those statutes authorize the City to invest in obligations of the United States, certificates of deposit, prime commercial paper, securities guaranteed by United States agencies or instrumentalities, United States government or federal agency obligation repurchase agreements, bankers acceptances, state-approved investment pools and certain mutual funds.

The component unit's cash and investments are maintained within the City's investment pool. All investments are reported at fair value.

**b. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles.

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**4. Assets, Liabilities and Net Assets or Equity—Continued**

**b. Receivables and Payables—Continued**

The City bills and collects its own property taxes. Taxes levied on July 1 are due without penalty on or before August 31. The property taxes attach as an enforceable lien on property as of July 1. Uncollected real property taxes as of the following March 1 are turned over by the City to the County for collection. The County advances the City all of these delinquent real property taxes. Collection of delinquent personal property taxes as of March 1 remain the responsibility of the City Treasurer. Since substantially all City property taxes levied are current receivables, tax revenues are recognized when levied.

The 2003 state taxable value for real/personal property of the City totaled approximately \$17,397,000 of which approximately \$2,385,000 was captured by the DDA. The ad valorem taxes levied consisted of 17.64 mills for operation and 1.5 mills for garbage collection. An additional 2.0 mills is levied on all taxable value in the TIFA district of approximately \$3,218,000. These amounts are recognized in the respective General Fund and DDA.

**c. Inventories and Prepaid Items**

All inventories are valued at cost using the first-in/first-out(FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**d. Restricted Assets**

Certain proceeds of the Enterprise Fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate bank accounts and their use is limited by applicable bond covenants.

**e. Capital Assets**

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The City has elected to capitalize infrastructure assets using the prospective approach, from fiscal year 2004 forward.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

City of Scottville  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2004

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**4. Assets, Liabilities and Net Assets or Equity—Continued**

**e. Capital Assets—Continued**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The total interest expense incurred by the Water and Sewer Funds during the year ended June 30, 2004 was \$125,278. Of this amount, \$92,119 was included as part of the cost of capital assets under construction in connection with the Regional Sewer Project.

Property, plant and equipment is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings	40
Public domain infrastructure	20-30
System infrastructure and improvements	10-66
Vehicles and equipment	5-20

**f. Compensated Absences**

City employees are granted vacation and sick leave in varying amounts based on length of service. Accumulated vacation leave must be taken in the current calendar year. Upon termination, employees are paid for unused vacation at their current rates. Sick leave is accumulated at the rate of one day per month of employment up to 880 hours. Unused sick leave is accumulated up to 120 days for employees. Unused accumulated sick leave is paid to employees who resign or retire, limited to 30 days, not to exceed \$4,000 per employee. All vacation and sick pay is accrued when incurred in the government-wide, financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

**g. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities or proprietary fund type statement of net assets. Bond premiums and discounts as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE A—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—Continued**

**4. Assets, Liabilities, and Net Assets or Equity—Continued**

**h. Fund Equity**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**i. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures.

**NOTE B—STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**Budgetary Information**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the capital projects funds, which adopt project-length budgets, and the permanent fund, which is not budgeted. All annual appropriations lapse at fiscal year end.

The City follows these procedures in establishing the budgetary information provided in the financial statements:

- a. Prior to June 30, the City Manager submits to the City Council a proposed operating budget for the fiscal year commencing the following July 1. The operating budget includes proposed expenditures and the means of financing them.
- b. Public hearings are conducted at the City Hall to obtain taxpayer comments.
- c. Not later than the second Monday in May, the budget is legally enacted through passage of a resolution.
- d. Supplemental appropriations, when required to provide for additional expenditures, are matched by additional anticipated revenues or an appropriation of available fund balance and must be approved by the City Council. All appropriations lapse at year end.

The appropriated budget is prepared by fund, function and department. The City's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the City Council. The legal level of budgetary control is the department level. The City Council made several supplemental budgetary appropriations throughout the year.

City of Scottville  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2004

**NOTE C—DEPOSITS AND INVESTMENTS**

**1. Deposits**

The City's deposits are categorized to give an indication of the level of risk assumed by the entity at year end. Category 1 includes deposits insured or collateralized with securities held by the entity or its agent in the entity's name. Category 2 includes deposits collateralized with securities held by the pledging financial institutions' trust department or agent in the entity's name. Category 3 includes deposits which are uncollateralized.

As of June 30, 2004, the City's carrying amount of deposits was \$57,880 and the bank balance was \$67,752. Of the bank balance, \$67,752 was covered by federal depository insurance.

**2. Investments**

As of June 30, 2004, the City's investments represented holdings in a municipal investment pool. During the year ended June 30, 2004, the City's investments were only in this type of investment.

The City's investments are categorized below to give an indication of the level of risk assumed by the entity at year end. Category 1 includes investments that are insured or registered, or the securities held by the City or its agent in the City's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the City's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the City's name. The state-approved investment pools are not categorized as they are synonymous with mutual funds. As of June 30, 2004, the City's fair value in those pools and mutual funds were \$1,712,469.

**3. Restricted Assets**

Restrictions are placed on assets by bond ordinance and City Council action. At June 30, 2004, restricted cash and investments in the Enterprise funds are restricted as follows:

Water Fund	
Repairs and maintenance	\$ 31,002
Bond and interest redemption fund	8,351
Bond Reserve Fund	<u>53,918</u>
	<u>\$ 93,271</u>



City of Scottville  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2004

**NOTE D—CAPITAL ASSETS**

Capital asset activity for the year ended June 30, 2004 was as follows:

	Balance July 1, 2003	Additions	Deductions	Balance June 30, 2004
<b>Governmental activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 171,359	\$ -	\$ -	\$ 171,359
Construction in progress	-	6,000	-	6,000
Total capital assets, not being depreciated	<u>171,359</u>	<u>6,000</u>	<u>-</u>	<u>177,359</u>
<b>Capital assets, being depreciated:</b>				
Buildings and improvements	666,424	-	-	666,424
Equipment	786,843	-	23,292	763,551
Total capital assets being depreciated	<u>1,453,267</u>	<u>-</u>	<u>23,292</u>	<u>1,429,975</u>
<b>Less accumulated depreciation:</b>				
Buildings and improvements	291,869	13,154	-	305,023
Equipment	548,659	41,765	23,292	567,132
Total accumulated depreciation	<u>840,528</u>	<u>54,919</u>	<u>23,292</u>	<u>872,155</u>
Total capital assets, being depreciated, net	<u>612,739</u>	<u>(54,919)</u>	<u>-</u>	<u>557,820</u>
Capital assets, net	<u>\$ 784,098</u>	<u>\$ (48,919)</u>	<u>\$ -</u>	<u>\$ 735,179</u>
<b>Business-type activities:</b>				
<b>Capital assets, not being depreciated:</b>				
Land	\$ 6,457	\$ -	\$ -	\$ 6,457
Construction in progress	1,195,944	-	1,195,944	-
Total capital assets, not being depreciated	<u>1,202,401</u>	<u>-</u>	<u>1,195,944</u>	<u>6,457</u>
<b>Capital assets, being depreciated:</b>				
Water System	1,311,496	-	-	1,311,496
Sewer System	579,488	5,873,622	-	6,453,110
Equipment	73,491	3,403	-	76,894
Total capital assets, being depreciated	<u>1,964,475</u>	<u>5,877,025</u>	<u>-</u>	<u>7,841,500</u>
<b>Less accumulated depreciation:</b>				
Water System	478,860	24,498	-	503,358
Sewer System	151,073	13,361	-	164,434
Equipment	46,754	4,896	-	51,650
Total accumulated depreciation	<u>676,687</u>	<u>42,755</u>	<u>-</u>	<u>719,442</u>
Total capital assets, being depreciated, net	<u>1,287,788</u>	<u>5,834,270</u>	<u>-</u>	<u>7,122,058</u>
Capital assets, net	<u>\$ 2,490,189</u>	<u>\$ 5,834,270</u>	<u>\$ 1,195,944</u>	<u>\$ 7,128,515</u>

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE D—CAPITAL ASSETS—Continued**

Depreciation expense was charged to functions as follows:

**Government activities:**

General government	\$ 3,916
Public safety	2,959
Public works	5,413
Culture and recreation	8,063
Capital assets held by the government's internal service funds are charged to the various functions based on their usage of the assets	<u>34,568</u>

Total depreciation expense - governmental activities	\$ <u>54,919</u>
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**Business-type activities:**

Water System	\$ 29,025
Sewer System	<u>13,730</u>

Total depreciation expense - business-type activities	\$ <u>42,755</u>
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**NOTE E—DEFERRED REVENUE**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of deferred revenue, which represented unearned revenue reported in the governmental funds were for camping fees in the amount of \$11,400.

**NOTE F—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

The composition of interfund balances is as follows:

***Due to/from other funds:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Nonmajor governmental fund	General	\$ 4,250	Operations
Sewer	Water	15,520	Debt Service
Motor pool	General	<u>6,000</u>	Operations
Total		\$ <u>25,770</u>	

***Advances from/to other funds:***

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Cemetery Perpetual Care	Sewer	\$ 4,500	Construction

City of Scottville  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2004

**NOTE F—INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS—Continued**

*Interfund transfers:*

<u>Transfer out</u>	<u>Transfers in</u>	
	<u>Nonmajor governmental</u>	<u>Purpose</u>
General Fund	\$ 8,423	Operations
Major Street Fund	24,780	Debt Service
Nonmajor governmental fund	<u>34,962</u>	Debt Service
Total	<u>\$ 68,165</u>	

**NOTE G—LONG-TERM DEBT**

**Summary of Changes in Long-Term Liabilities**

The following is a summary of long-term liabilities activity for the City for the year ended June 30, 2004.

	<u>Balance July 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance June 30, 2004</u>	<u>Due within one year</u>
<b>Governmental activities:</b>					
General obligation bonds	\$ 100,600	\$ -	\$ 28,200	\$ 72,400	\$ 30,800
Michigan Transportation fund bonds	90,000	-	21,000	69,000	22,000
Installment purchase agreements	15,755	-	12,645	3,110	2,021
Landfill remediation cost	200,166	-	6,566	193,600	8,800
Advance from Mason County	5,334	-	5,334	-	-
Compensated absences	<u>27,926</u>	<u>-</u>	<u>1,244</u>	<u>26,682</u>	<u>-</u>
Governmental activity Long-term liabilities	<u>\$ 439,781</u>	<u>\$ -</u>	<u>\$ 74,989</u>	<u>\$ 364,792</u>	<u>\$ 63,621</u>
<b>Business-type activities:</b>					
Revenue bonds	\$ 2,878,036	\$ -	\$ 25,000	\$ 2,853,036	\$ 47,924
Advance from Mason County	<u>-</u>	<u>208,585</u>	<u>94,400</u>	<u>114,185</u>	<u>94,400</u>
	<u>\$ 2,878,036</u>	<u>\$ 208,585</u>	<u>\$ 119,400</u>	<u>\$ 2,967,221</u>	<u>\$ 142,324</u>

The Internal Service Fund predominantly serves the governmental fund. Accordingly, long-term liabilities for it are included as part of the above totals for governmental activities.

City of Scottville  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2004

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

	<u>Balance June 30, 2004</u>
<b>Governmental activities</b>	
<b>General obligation bonds:</b>	
\$125,000 General Obligation Limited Tax Development Bonds of 1990 due in annual installments of \$11,000 to \$17,000 through August 2005; plus interest at 7.125%	\$ 28,000
\$137,000 General Obligation Limited Tax Refunding Bonds series 2001 due in annual installments at \$13,200 to \$15,600 through January 2007; plus interest at 7.0%	<u>44,400</u> 72,400
<b>Michigan Transportation Fund bonds</b>	
\$95,000 Michigan Transportation Fund Bonds series 2001 due in annual installments of \$21,000 to \$24,000 beginning February 2003 through February 2007; plus interest ranging from 4.2% to 4.6%	69,000
<b>Installment purchase agreements</b>	
\$5,780 Equipment installment note due in monthly installments of approximately \$190 including interest through December 2005; interest at 10%	<u>3,110</u> 3,110
<b>Landfill remediation costs</b>	
3% Landfill remediation costs estimated annual cost of approximately \$9,000 through June 2026 (note H3)	<u>193,600</u> 338,110 <u>26,682</u>
Compensated absences	<u>\$ 364,792</u>

City of Scottville  
NOTES TO THE FINANCIAL STATEMENTS  
June 30, 2004

**NOTE G—LONG-TERM DEBT—Continued**

**Summary of Changes in Long-Term Liabilities—Continued**

	Balance June 30, 2004
<b>Business-type activities:</b>	
<b>Revenue bonds:</b>	
\$720,000 Water Supply Revenue Bonds of 1975 due in annual installments of \$25,000 to \$30,000 through January 2014; plus interest at 5%	\$ 295,000
\$375,000 Obligation to Mason County payable in interest only until March 2006 when principal will be due in annual installments of \$1,000 to \$25,000 through March 2030; plus interest ranging from 3.6% to 5.6%	375,000
\$2,183,036 Obligation to Mason County payable in interest only until April 2005 when principal will be due in annual installments of \$22,900 to \$109,160 through April 2043; plus interest at 4.5%	<u>2,183,036</u> 2,853,036
<b>Advance from Mason County</b>	
Advance of up to \$472,000 from Mason County due in annual installments of \$94,400 through April 2008; plus interest at 4%. As of June 30, 2004 \$208,585 had been drawn against the advance.	<u>114,185</u> \$ <u>2,967,221</u>

The obligation to Mason County is an estimate by the County of the City's portion of the sewer project. Final amounts will be determined at the end of the project.

The general obligation bonds are backed by the full faith and credit of the City.

The City was in compliance in all material respects with all the revenue bond ordinances at June 30, 2004. Annual debt service requirements to maturity for debt outstanding as of June 30, 2004 follows:

Year ending June 30	Governmental Activities		Business-type Activities	
	Principal	Interest	Principal	Interest
2005	\$ 63,600	\$ 7,800	\$ 142,300	\$ 137,000
2006	58,900	4,700	83,300	130,900
2007	48,400	2,202	64,600	127,100
2008	8,800	-	67,300	124,100
2009	8,800	-	67,300	120,900
2010-2014	44,000	-	347,400	556,100
2015-2019	44,000	-	247,300	484,200
2020-2024	44,000	-	312,600	420,300
2025-2029	44,292	-	393,300	338,900
2030-2034	-	-	378,100	244,800
2035-2039	-	-	440,500	156,500
2040-2043	-	-	423,221	35,337
Total	\$ <u>364,792</u>	\$ <u>14,702</u>	\$ <u>2,967,221</u>	\$ <u>2,876,137</u>

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE H—OTHER INFORMATION**

**1. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the government carries commercial insurance. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss in excess of insurance coverage can be reasonably estimated. There has been no loss in excess of insurance in the past three years.

**2. Contingent Liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability to the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

**3. Landfill Remediation**

During 1996, The City completed the landfill remediation project. As part of the landfill remediation, the City must continue to monitor the area. The monitoring will be done through the testing of well samples twice a year for at least thirty years. The estimated liability is reported in Note G. The liability is estimated based on the average actual costs over three years, then extrapolated to the number of years remaining. The change in estimate this year resulted in a reduction to the liability at July 1, 2003 of \$15,232.

**NOTE I—EMPLOYEE PENSION PLANS**

**Deferred Compensation Plan**

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The Plan, available to all full-time City employees at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency. The City contributes 10 percent of participating employees' annual compensation each plan year. Total match contributions for the year ended June 30, 2004 approximated \$30,600.

The Plan has created a trust for the exclusive benefit of the Plan's participants and beneficiaries under rules provided in Internal Revenue Code Section 401(f).

**NOTE J—ECONOMIC DEPENDENCY**

State of Michigan shared revenues represent 25 percent of General Fund revenues.

City of Scottville  
**NOTES TO THE FINANCIAL STATEMENTS**  
June 30, 2004

**NOTE K—SUBSEQUENT EVENTS**

**1. Boat Launch Improvements at River Park**

The City has committed to major improvements to the boat launch at River Park during the next fiscal year. Estimated costs for the project are \$60,000 of which \$45,000 will be paid with a grant from the State of Michigan. The remaining costs will be paid from the General Fund.

**2. Costs for Sewage Treatment**

The City will incur an estimated cost of \$78,000 in the next fiscal year for sewage treatment. This is a new expense that will be incurred from the next fiscal year forward, to be paid by increased sewer fees for service.

**REQUIRED SUPPLEMENTAL INFORMATION**



City of Scottville  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

General Fund

For the year ended June 30, 2004

	Budgeted Amounts		Actual amounts, budgetary basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
<b>REVENUES</b>				
Property taxes	\$ 326,000	\$ 326,000	\$ 308,856	\$ (17,144)
Licenses and permits	5,600	8,160	9,293	1,133
Intergovernmental	175,000	170,250	167,791	(2,459)
Charges for services	149,500	150,000	144,679	(5,321)
Fines and forfeitures	3,500	3,500	3,060	(440)
Investment earnings	12,000	12,000	8,266	(3,734)
Other	15,500	17,956	16,081	(1,875)
Total revenues	687,100	687,866	658,026	(29,840)
<b>EXPENDITURES</b>				
Current				
General government	248,232	247,548	234,720	12,828
Public safety	184,281	175,377	174,819	558
Public works	96,697	98,932	95,571	3,361
Community and economic development	4,223	4,223	2,172	2,051
Culture and recreation	102,419	107,569	103,143	4,426
Debt service	-	-	-	-
Principal	-	7,300	7,164	136
Interest and other charges	-	500	411	89
Capital outlay	10,200	6,000	6,000	-
Total expenditures	646,052	647,449	624,000	23,449
Excess of revenues over (under) expenditures	41,048	40,417	34,026	(6,391)
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	3,000	3,000	-	(3,000)
Transfers out	(44,048)	(43,192)	(8,423)	34,769
Total other financing sources and uses	(41,048)	(40,192)	(8,423)	31,769
Net change in fund balances	\$ -	\$ 225	25,603	\$ 25,378
Fund balances—beginning			683,647	
Fund balances—ending			<u>\$ 709,250</u>	

City of Scottville  
REQUIRED SUPPLEMENTAL INFORMATION  
BUDGETARY COMPARISON SCHEDULE

Major Street

For the year ended June 30, 2004

	Budgeted Amounts		Actual amounts, budgetary basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 81,000	\$ 81,000	\$ 93,353	\$ 12,353
Investment earnings	1,300	1,300	1,628	328
Other	-	1,365	-	(1,365)
Total revenues	82,300	83,665	94,981	11,316
EXPENDITURES				
Current				
Public works	57,145	58,510	38,968	19,542
Other governmental functions	375	375	-	375
Total expenditures	57,520	58,885	38,968	19,917
Excess of revenues over (under) expenditures	24,780	24,780	56,013	31,233
OTHER FINANCING USES				
Transfers out	(24,780)	(24,780)	(24,780)	-
Net change in fund balances	\$ -	\$ -	31,233	\$ 31,233
Fund balances—beginning			149,803	
Fund balances—ending			\$ 181,036	

**OTHER SUPPLEMENTAL INFORMATION**

**COMBINING BALANCE SHEET**  
Nonmajor Governmental Funds  
June 30, 2004

	Total nonmajor governmental funds	Special Revenue Funds				Debt Service				Permanent Fund
		Local Streets	Garbage and Refuse Collection	DDA Operations	Law Enforcement	Capital Project	1992 Street Debt	1996 Street Debt	2001 Street Debt	
<b>ASSETS</b>										
Cash and investments	\$ 259,684	\$ 30,490	\$ 58,632	\$ 51,240	\$ 1,950	\$ 32,393	\$ 930	\$ 1,196	\$ -	\$ 81,731
Due from other funds	4,250	4,250	-	-	-	-	-	-	-	-
Due from other governmental units	4,712	4,712	-	-	-	-	-	-	-	-
Inventories	2,786	-	2,786	-	-	-	-	-	-	-
Advances to other funds	4,500	-	-	-	-	-	-	-	-	4,500
<b>Total assets</b>	<b>\$ 275,932</b>	<b>\$ 39,452</b>	<b>\$ 61,418</b>	<b>\$ 51,240</b>	<b>\$ 1,950</b>	<b>\$ 32,393</b>	<b>\$ 930</b>	<b>\$ 1,196</b>	<b>\$ -</b>	<b>\$ 86,231</b>
<b>LIABILITIES AND FUND BALANCES</b>										
<b>Liabilities</b>										
Accounts payable	\$ 4,570	\$ 142	\$ 3,277	\$ 1,151	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other governmental units	244	-	-	244	-	-	-	-	-	-
<b>Total liabilities</b>	<b>4,814</b>	<b>142</b>	<b>3,277</b>	<b>1,395</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund balances</b>										
Reserved for:										
Advances	4,500	-	-	-	-	-	-	-	-	4,500
Inventories	2,786	-	2,786	-	-	-	-	-	-	-
Debt service	3,248	-	-	-	-	-	930	1,196	-	-
Capital projects	32,393	-	-	-	-	32,393	-	-	-	-
Rights of way maintenance	5,235	5,235	-	-	-	-	-	-	-	-
Perpetual care	81,731	-	-	-	-	-	-	-	-	81,731
Unreserved	141,225	34,075	55,355	49,845	1,950	-	-	-	-	-
<b>Total fund balances</b>	<b>271,118</b>	<b>39,310</b>	<b>58,141</b>	<b>49,845</b>	<b>1,950</b>	<b>32,393</b>	<b>930</b>	<b>1,196</b>	<b>-</b>	<b>86,231</b>
<b>Total liabilities and fund balances</b>	<b>\$ 275,932</b>	<b>\$ 39,452</b>	<b>\$ 61,418</b>	<b>\$ 51,240</b>	<b>\$ 1,950</b>	<b>\$ 32,393</b>	<b>\$ 930</b>	<b>\$ 1,196</b>	<b>\$ -</b>	<b>\$ 86,231</b>

City of Scottville  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
 Nonmajor Governmental Funds  
 For the year ended June 30, 2004

	Total nonmajor governmental funds	Special Revenue Funds				Debt Service Funds				Permanent Fund Cemetery Perpetual Fund
		Local Streets	Garbage and Refuse Collection	DDA Operations	Law Enforcement Fund	Capital Project	1992 Street Debt	1996 Street Debt	2001 Street Debt	
<b>REVENUES</b>										
Property taxes	\$ 70,550	\$ -	\$ 25,151	\$ 45,399	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intergovernmental revenues - state	32,197	32,197	-	-	-	-	-	-	-	-
Charges for services	30,295	-	29,920	-	-	-	-	-	-	375
Investment earnings	3,072	236	745	727	-	278	-	-	-	1,086
Total revenues	136,114	32,433	55,816	46,126	-	278	-	-	-	1,461
<b>EXPENDITURES</b>										
Current										
General government	6,606	-	-	6,535	-	-	-	-	-	71
Public works	77,097	34,147	42,950	-	-	-	-	-	-	-
Debt service										
Principal	55,766	-	6,566	-	-	-	-	13,200	21,000	-
Interest and fees	10,341	-	-	-	-	-	-	4,032	3,780	-
Total expenditures	149,810	34,147	49,516	6,535	-	-	-	17,232	24,780	71
Excess of revenues over (under) expenditures	(13,696)	(1,714)	6,300	39,591	-	278	-	(17,232)	(24,780)	1,390
<b>OTHER FINANCING SOURCES (USES)</b>										
Operating transfers in	68,165	8,423	-	-	-	-	-	17,232	24,780	-
Operating transfers out	(34,962)	-	-	(34,962)	-	-	-	-	-	-
Total other financing sources (uses)	33,203	8,423	-	(34,962)	-	-	-	17,232	24,780	-
Net change in fund balances	19,507	6,709	6,300	4,629	-	278	-	-	-	1,390
Fund balances at July 1, 2003	251,611	32,601	51,841	45,216	1,950	32,115	930	1,196	-	84,841
Fund balances at June 30, 2004	\$ 271,118	\$ 39,310	\$ 58,141	\$ 49,845	\$ 1,950	\$ 32,393	\$ 930	\$ 1,196	\$ -	\$ 86,231